

Appendix C – Management of reserves

- 1.1 All reserves are reviewed as part of the budget preparation, financial management and closing processes. The Council will consider a report from the S151 Officer on the adequacy of the reserves in the annual budget-setting process. The report will contain estimates of reserves where necessary. The Cabinet will consider actual reserves when approving the statement of accounts each year.
- 1.2 The following matters apply to our major useable reserves as restated:
 - (a) The General Fund working balance will not fall below £1.25 million without the approval of The Council.
 - (b) The Asset Improvement Reserve is applied to meet future costs of improving or maintaining our properties.
 - (c) The Rent Equalisation Reserve (Sinking Funds) is available to cover rent free periods, capital and revenue incentives for incoming tenants, voids, defaults and refurbishment at the end of each lease.
 - (d) The Business Rates Equalisation Reserve is available to smooth out the irregularity of business rates income retained
 - (e) The Interest Equalisation Reserve is available to smooth out interest rate fluctuations in volatile market conditions.
 - (f) There are several minor reserves that are still required going forward, i.e., Youth Council and Social Housing Initiative as they are currently still required.
- 1.3 The Council will review the Reserves Policy on an annual basis as part of the budget setting process and from time to time may restructure its reserves to meet its future needs and plans.